

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
FIRST SESSION
LEGISLATIVE BILL 613

Introduced by Nebraska Retirement Systems Committee: Synowiecki, 7,
Chairperson; Karpisek, 32; Louden, 49; White, 8

Read first time January 17, 2007

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to school employees retirement systems;
2 to amend section 79-958, Revised Statutes Cumulative
3 Supplement, 2006; to change provisions relating to
4 required deposits of employers; to repeal the original
5 section; and to declare an emergency.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 79-958, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 79-958 (1) ~~Prior to September 1, 2005, and after August~~
4 ~~31, 2007, for the purpose of providing the funds to pay for formula~~
5 ~~annuities, every employee shall be required to deposit in the~~
6 ~~School Retirement Fund seven and twenty-five hundredths percent of~~
7 ~~compensation. Beginning on September 1, 2005, and ending August 31,~~
8 ~~2006, for the purpose of providing the funds to pay for formula~~
9 ~~annuities, every employee shall be required to deposit in the~~
10 ~~School Retirement Fund seven and ninety-eight hundredths percent of~~
11 ~~compensation. Beginning on September 1, 2006, and ending August 31,~~
12 ~~2007, for the purpose of providing the funds to pay for formula~~
13 ~~annuities, every employee shall be required to deposit in the~~
14 ~~School Retirement Fund seven and eighty-three hundredths percent of~~
15 ~~compensation. Beginning on September 1, 2007, for the purpose of~~
16 ~~providing the funds to pay for formula annuities, every employee~~
17 ~~shall be required to deposit in the School Retirement Fund seven~~
18 ~~and three-tenths percent of compensation. Such deposits shall be~~
19 ~~transmitted at the same time and in the same manner as required~~
20 ~~employer contributions.~~

21 (2) ~~For~~ Prior to September 1, 2007, for the purpose of
22 providing the funds to pay for formula annuities, every employer
23 shall be required to deposit in the School Retirement Fund one
24 hundred one percent of the required contributions of the school
25 employees of each employer. Beginning on September 1, 2007, every

1 employer shall be required to deposit in the School Retirement
2 Fund one hundred eight percent of the required contributions of
3 the school employees of each employer. Such deposits shall be
4 transmitted to the retirement board at the same time and in the
5 same manner as such required employee contributions.

6 (3) The employer shall pick up the member contributions
7 required by this section for all compensation paid on or after
8 January 1, 1986, and the contributions so picked up shall
9 be treated as employer contributions in determining federal tax
10 treatment under the Internal Revenue Code as defined in section
11 49-801.01, except that the employer shall continue to withhold
12 federal income taxes based upon these contributions until the
13 Internal Revenue Service or the federal courts rule that, pursuant
14 to section 414(h) of the code, these contributions shall not be
15 included as gross income of the member until such time as they
16 are distributed or made available. The employer shall pay these
17 member contributions from the same source of funds which is used
18 in paying earnings to the member. The employer shall pick up these
19 contributions by a compensation deduction through a reduction in
20 the cash compensation of the member. Member contributions picked
21 up shall be treated for all purposes of the School Employees
22 Retirement Act in the same manner and to the same extent as member
23 contributions made prior to the date picked up.

24 (4) The employer shall pick up the member contributions
25 made through irrevocable payroll deduction authorizations pursuant

1 to sections 79-921, 79-933.03 to 79-933.06, and 79-933.08, and
2 the contributions so picked up shall be treated as employer
3 contributions in the same manner as contributions picked up under
4 subsection (3) of this section.

5 Sec. 2. Original section 79-958, Revised Statutes
6 Cumulative Supplement, 2006, is repealed.

7 Sec. 3. Since an emergency exists, this act takes effect
8 when passed and approved according to law.